

For: State and County Offices

Equitable Treatment in Processing Loan Applications

Approved by: Acting Deputy Administrator, Farm Loan Programs

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1 Overview

**A
Background**

FLP has monitored the timeliness of processing loan applications through yearly performance goals, seeking to improve service to its customers. The goals are based on the previous year's accomplishments and statutory and regulatory processing time frames.

**B
Purpose**

This notice:

- emphasizes the importance of timely processing of all loan applications without disparate treatment of socially disadvantaged (SDA) groups
- establishes a review process for rejected SDA loan applications.

2 Action

**A
County Office
Action**

Ag Credit Managers and other credit officials shall:

- process all loan applications according to statutory and regulatory time frames and established performance goals
- adhere to statutory time frames for notifying all applicants of any additional information required for a complete loan application

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| Disposal Date | Distribution |
|------------------------|--|
| May 1, 1999 5-14-98 | State Offices; State Offices relay to County Offices |

2 Action (Continued)

A

**County Office
Action
(Continued)**

- notify all applicants of eligibility or ineligibility according to Agency regulations
 - approve or disapprove all loan applications in a timely manner for all applicants
 - for direct loan applications, enter a reason and, if necessary, an explanation in Management Record System when a decision has not been made within 45 calendar days of receiving a complete application
 - use MRS as the official loan application data record for all applications.
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B

**Designated
Review Officials
Action**

Officials designated by SED to review rejected SDA applications shall:

- in each office of their jurisdiction, using the National Internal Review Guide, review at least 50 percent of the rejected loan applications from SDA applicants who were rejected from October 1, 1997, through March 31, 1998, then review 50 percent of all rejected SDA applications in each quarter thereafter
 - if any improper rejections are found, review all rejected SDA loan applications in the approval official's coverage area
 - notify SED of any problems detected
 - with the advice of the Agriculture Credit Director (ACD), take action on the mishandled rejected loan applications to correct any errors
 - recommend appropriate personnel actions, such as training or revocation of loan approval authority, for the approval official responsible for rejections which appear to reflect a pattern or practice of discriminating against SDA applicants
 - review the reasons and explanations why decisions have not been made on complete loan applications in a timely manner.
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2 Action (Continued)

C

ACD Action

ACD's shall:

- monitor loan application processing timeframes and performance goal accomplishments using FOCUS and Executive Information System (EIS) Reports must include average processing times for both SDA and non-SDA applicants
 - provide FOCUS and EIS reports on loan application processing time frames to SED
 - provide technical advice and direction for corrective actions on wrongly rejected loan applications.
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D

SED Action

SED's shall:

- be accountable for SDA loan application processing in the State, including assuring designated review officials conduct reviews and take corrective action on a timely basis
 - emphasize the importance of timely loan application processing for all applicants
 - assure loan application processing data is monitored through EIS, FOCUS, or other systems so that applicants are being processed timely and equitably in the State
 - manage staff resources appropriately to minimize loan application processing delays
 - when necessary, initiate or monitor appropriate personnel actions resulting from incorrect rejection of applications to see if a pattern or practice is shown
 - review the reports on loan application processing problems submitted by the designated review officials and ACD reports on both SDA and non-SDA average loan application processing timeframes
 - submit a summary report of affected cases, findings, corrective action, and results annually as a part of the performance evaluation process to DAFLP.
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E

Contacts

State Offices shall direct questions about this notice to LMD.
